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(C) VIETNAM: The level of fighting in Military Region (MR) 4 continued to decline. In MR-1, government positions were subjected to fairly heavy shelling.

Fighting around Tuyen Binh district town in Kien Tuong Province has fallen off somewhat, but elements of the Communist 5th Division are still putting pressure on government positions there. Communist forces were also active in parts of Kien Phong and Dinh Tuong provinces.

The heaviest shellings in MR-1 came around Camp Evans in northern Thua Thien Province, where government positions were hit by 270 rounds of 130-mm. artillery fire. Fire Support Bases Bastogne and Birmingham also received fairly heavy shellings.

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Analysis of aerial photography of the extensive truck parks at Dong Dang, near the Sino - North Vietnamese border, has provided further evidence of the magnitude of Hanoi's road resupply effort. In the three-and-a-half-week period between 12 May and 6-7 June almost all the trucks in the park had changed position, and some had changed several times, suggesting an unusually high level of use during this period. The truck parks contained about 1,500 vehicles both at the beginning and at the end of the period, suggesting that the North Vietnamese were keeping their inventories stable despite the turnover.

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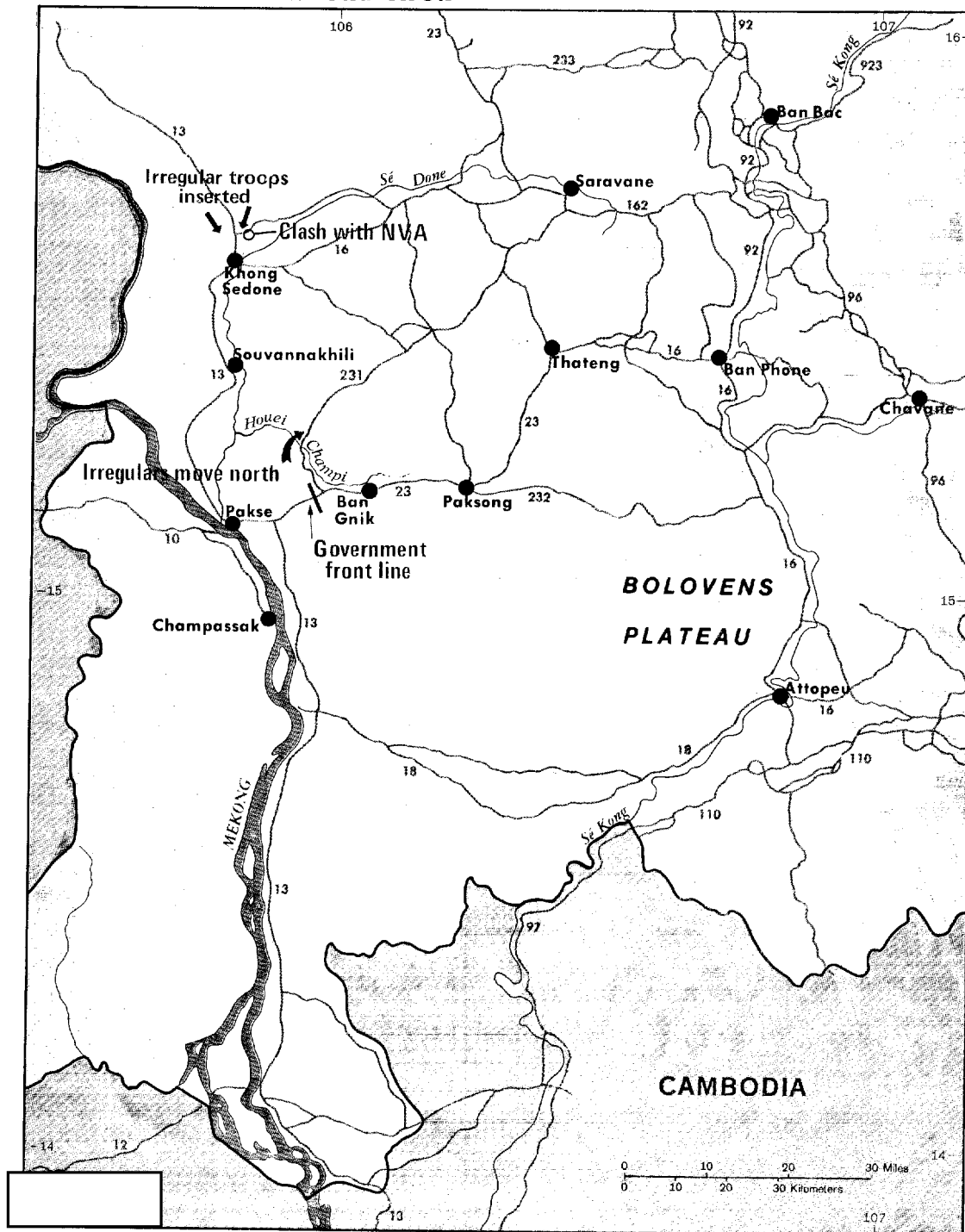
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LAOS: Bolovens Plateau Area



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LAOS: Government forces are attempting to re-take territory in the south.

Four fresh irregular battalions on 15 June were airlifted to a point seven miles north of Khong Sedone, the provincial capital that was lost to the Communists in mid-May. Elements of this force suffered light casualties on the first day pushing through several North Vietnamese blocking positions. An additional four irregular battalions were airlifted to the west of Khong Sedone on 16 June and presumably will move to take the high ground overlooking the town.

Government units have also begun an effort to clear the Communists from the area northeast of Pakse. Four irregular battalions that had been in reserve along Route 23 are moving north parallel to Route 231 and have now crossed the Houei Champi stream. This thrust along the western edge of the Bolovens Plateau should prevent the North Vietnamese from diverting the 9th Regiment toward Khong Sedone. It should also reduce pressure on the Lao Army units holding defenses near the intersection of Routes 23 and 231.

The situation in north Laos remains essentially unchanged. The Communists still hold most important high ground positions northeast of Long Tieng, and government forces have made no serious attempts to dislodge them in the past several days. The government's strength in this area has been temporarily reduced by the withdrawal of several battalions for rest and refitting.

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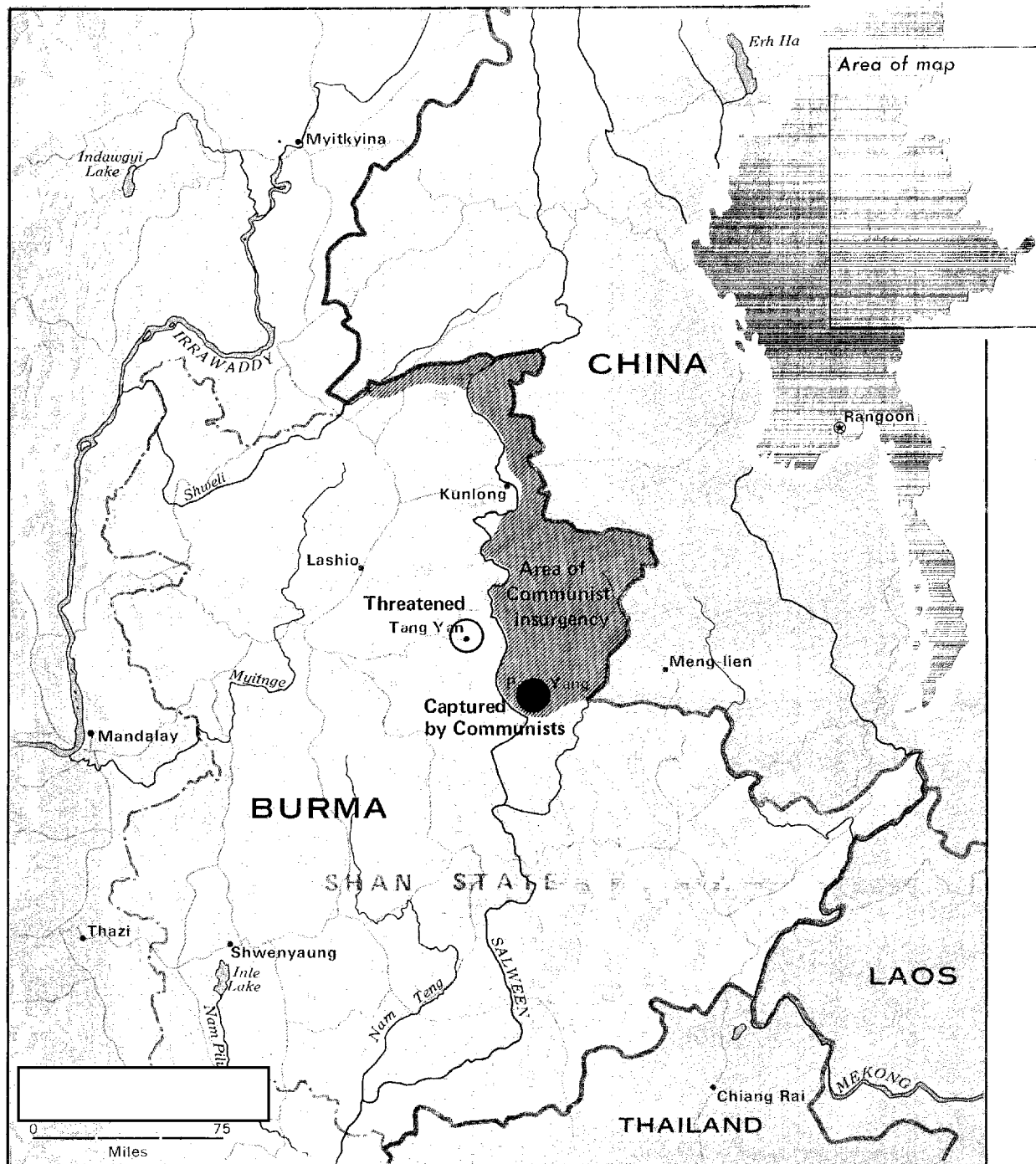
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BURMA: The Burmese military is bracing for a renewed push by Communist insurgents in the north-east.

During the last week of May Burmese Communist forces attacked and captured the town of Pang Yang, one of the few remaining government positions between the Salween River and the Chinese border in northern Shan State. On 2 June, the Communists overran a government outpost 30 miles north of Pang Yang and captured a large quantity of rice, which will improve their capability for further rainy season action. The Burmese Army has reinforced its garrison at Tang Yan, which it anticipates will be the next Communist target.

25X1 [redacted] the Communists plan to clear government forces east of the Salween River as a prelude to declaring the region "liberated." The Communists evidently have transferred units from normal operating areas north of Kunlong and now have about 1,500 armed insurgents in the southern area. Communist plans for the northern area, which reportedly include a spring offensive that never materialized, may have been upset by a falling out with the Kachins, a non-Communist ethnic insurgent group which earlier this year broke a non-aggression agreement with the Communists.

The recent activity marks the first significant Communist effort since the costly siege of the district town of Kunlong late last year. It will further undermine whatever hopes Burmese leaders still entertain that the improvement in state relations with China might result in lessened activity by the Chinese-supported insurgents. Rangoon is still trying to avoid making the insurgency question a major determinant in its relations with Peking, however, and only last month sent an economic delegation to China to discuss future aid projects. At the same time, 25X1 [redacted] Ne Win plans to visit the Soviet Union in the near future suggests that the Burmese are seeking additional ways to gain some leverage with the Chinese. [redacted]

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CAMBODIA: Sirik Matak apparently has decided to make an open political break with President Lon Nol.

The Cambodian press reports that Matak and a number of other veteran politicians established a new Republican Party on 15 June. Matak evidently will serve as secretary-general of the party. There are unconfirmed reports that several senior military leaders, including Defense Minister Sak Sutsakhan, also intend to join Matak's camp, but this seems unlikely if Lon Nol makes their membership a test of loyalty to him.

The rift between Matak and Lon Nol has slowly increased since last March, when the President in effect abandoned Matak under pressure from students. Matak refrained from campaigning for Lon Nol during the presidential election. In addition to a cooling in their personal relations, Lon Nol's relatively poor showing in the election probably influenced Matak's decision to go his own way.

The first objective of Matak's new party will be to take part in the legislative elections in September. As things now stand, the government's banner in that campaign will be carried by the pro - Lon Nol Socio-Republican Party, which is directed by Matak's nemesis, Colonel Lon Non. Over the longer term, however, Matak's action signifies that he is intent upon staking a serious claim to succeed Lon Nol. He seems certain to be opposed in this effort by both Lon Non and First Minister Son Ngoc Thanh, who presently are working together in the Socio-Republican Party.

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COSTA RICA: Striking social security workers have received unexpected support and may now become more determined in negotiating with the minister of labor.

A hefty wage increase granted only to doctors and other functionaries of the Costa Rican Social Security Institute (CAJA) prompted a walkout on 12 June by members of the non-Communist Social Security Workers Union (UNDECA). The strike already affects all hospitals and dispensaries and is gaining wide support because of heavy-handed police tactics against striking workers, including women. A further boost for the strike came from the legislative assembly, which passed a motion protesting "repressive" measures against the union and demanding that dismissed union leaders be rehired.

Minister of Labor Jimenez has postponed plans to attend the international labor conference in Geneva, indicating the government's concern over the continued disruption of medical services, and is directing government efforts to break the strike. Jimenez denounced the strikers as infantile and irresponsible and refuses to negotiate with UNDECA unless it joins with other unions in joint negotiations with the institute.

Jimenez has long wanted to unite both Communist and non-Communist unions in a single confederation. He may see this strike as an opportunity to force his unity scheme on the various social security workers' unions.



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TRINIDAD-TOBAGO: After two years of periodic political difficulties, Trinidad-Tobago seems to be moving toward a calmer period.

The state of emergency, imposed last October following an outbreak of labor unrest, probably will be ended before its 30 June expiration date. Termination of the emergency was made possible by the recent passage of the hotly debated Industrial Relations Act. This was the final item of essential legislation promised by Prime Minister Williams when he announced the state of emergency--the second since 1970--last fall.

Williams' confidence in the short-term outlook was demonstrated by the announcement that trade union marches and demonstrations would be permitted on 19 June, Trinidad-Tobago's labor day. Furthermore, Williams did not utilize the current manhunt for eight would-be guerrillas as an excuse to extend the state of emergency.

With no major difficulties on the horizon, Williams will probably maintain his tight control over the activities of the weak radical opposition elements.



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CIVIL AVIATION: The members of the International Federation of Airline Pilots Association (IFALPA), which represents pilots from 64 nations, have rejected the postponement agreed to earlier by their president in a meeting with UN Secretary-General Waldheim and will strike for 24 hours on 19 June. The union decided on 15 June to carry out its threat to stop work if the UN did not take effective action on air piracy by 16 June. The Security Council probably will not act before next Monday or Tuesday, because Council members are reluctant to appear to be responding to pressure from IFALPA. The US has requested that the Security Council president initiate consultations looking toward a meeting of the Council and appropriate action.

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MEXICO: Right-wing youth mobs are still active despite a government campaign to clamp down on them. On 13 June, a group of these toughs, known as "porristas," broke up a gathering of leftist students in Mexico City; two of the porristas were killed in the gun battle that followed. Leftist students and intellectuals have charged that this group is controlled by the government. They link it with a similar mob allegedly used by the government to break up student demonstrations last June. The government has yet to issue a complete report on this incident and has tried to counter leftist charges by arresting and jailing many of these toughs. The shoot-out will buttress the claims of many leftist students that the government, or at least some faction within it, is still condoning violent repression.

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JAPAN-US: Japan registered another large trade surplus with the US in May. Exports to the US rose by nearly 13 percent over last year's level, the smallest monthly gain this year, but imports from the US increased by less than two percent. Total Japanese imports rose a substantial 19 percent. Japanese exports of automobiles and chemicals to the US registered sharp increases, although steel and textile sales fell, reflecting new export restraints on these items. Nonetheless, for the first five months of 1972 Japan's trade surplus with the US amounted to an estimated \$1.3 billion, more than double the surplus for the comparable period in 1971. The growth in the surplus is likely to slow sharply in the coming months, however, as the Japanese economy picks up and export expansion slackens.

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INDIA: About half of the aid targeted to be extended by the Western Aid-to-India Consortium will help provide imports needed to increase industrial production. In setting its goal of about \$1.2 billion in new aid to run through March 1973, the Consortium singled out the low rate of growth of industrial production in an otherwise commendable economic performance over the past few years. Industry has been operating well below capacity because of shortages of raw materials and spare parts that could be met by imports. New Delhi continues to restrict imports, however, to guard its foreign exchange reserves.

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BENELUX-JAPAN: The Benelux countries, failing to get Japan to impose adequate export controls on certain electronics equipment, may impose restraints. After two weeks of hard bargaining with representatives from the Benelux electronics industry, the Japanese were only willing to increase export prices of electronics goods by unspecified amounts--a measure the Benelux representatives consider inadequate to meet effectively the problem of Japanese penetration. Japan has instituted quotas on electronic calculators shipped to Western Europe and the US, but it has been unwilling to provide a sub-quota for the Benelux countries.

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UN-BURUNDI: As the slaughter of Hutus in Burundi continues, the UN Secretariat has announced that it will send a three-man mission to that country on 21 or 22 June. The mission will assess the humanitarian needs of Burundi and advise Secretary-General Waldheim on how the UN might be able to assist. President Micombero's agreement to the visit is probably due to his concern with countering unfavorable foreign reporting of the violence in Burundi. The activities of the UN mission are unlikely to alter significantly the government's policy of repressing the Hutus. Other external pressures, such as the Belgian threat to reduce aid, have so far had no impact. Nevertheless, Waldheim again has used personal diplomacy--as he recently has in South-West Africa--to gain UN involvement in a difficult situation.

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